

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG RIVERS)	
ELECTRIC CORPORATION TO EXTEND)	CASE NO.
THE PILOT PROGRAM FOR ITS LARGE)	2005-00275
INDUSTRIAL EXPANSION TARIFF)	

O R D E R

On June 30, 2005, Big Rivers Electric Corporation (“Big Rivers”) filed a report assessing its continuing experience under its pilot industrial tariff, designated as Rate Schedule 10, for new or expanded loads of 5 megawatts (“MW”) or more (“Qualifying Loads”). Big Rivers also requested that the pilot, which was originally approved 5 years ago in Case No. 1999-00360,¹ be extended for an additional 3 years, through December 31, 2008.² Rate Schedule 10 requires Qualifying Loads on Big Rivers’ system to be served at market-based rates, absent a negotiated special contract approved by the Commission, in lieu of being served at cost-based rates under Big Rivers’ standard large industrial tariff, Rate Schedule 7. The 3-year extension is requested so that Big Rivers can preserve its limited supply of surplus base power for use by the existing as well as future loads of its member cooperatives’ existing customers.

¹ Case No. 1999-00360, The Tariff Filing of Big Rivers Electric Corporation to Revise the Large Industrial Customer Rate Schedule, Order dated February 25, 2000.

² Case No. 2002-00272, The Application of Big Rivers Electric Corporation to Extend the Pilot Program for its Large Industrial Expansion Tariff, Order dated October 1, 2002.

Since its last assessment report on Rate Schedule 10 to the Commission, dated June 29, 2002, Big Rivers' members have received several inquiries regarding service and rates for potential industrial customers. The loads associated with those inquiries have ranged from 11 MW to 135 MW, all of which would qualify to be served by Rate Schedule 10. In most cases, it will be feasible for Big Rivers' to offer a proposal that incorporates some existing base power with market priced power. Big Rivers, in conjunction with its distribution cooperative, Kenergy Corporation, was successful in retaining two large industrial customers through negotiated contracts mixing base power with market priced power. In both situations, Big Rivers' Rate Schedule 10 was the default tariff. Once those existing contracts expire, Schedule 10 will be the basis for those customers' rates.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that Big Rivers' pilot Rate Schedule 10 is reasonable, has functioned properly during its first 5 years, and should be continued for an additional 3 years, through April 30, 2008.

To facilitate our future review of this extended pilot and to determine whether it should continue beyond 2008, Big Rivers should file, by June 30, 2008, a report assessing the pilot through April 30, 2008.

IT IS THEREFORE ORDERED that:

1. Big Rivers' Rate Schedule 10 shall continue in effect as a pilot for an additional 3 years, through December 31, 2008.

2. Within 20 days from the date of this Order, Big Rivers shall file a revised Rate Schedule 10 showing the date of issue and that it was issued by authority of this Order.

3. Big Rivers shall file, by June 30, 2008, a report assessing the pilot through December 31, 2007.

Done at Frankfort, Kentucky, this 11th day of August, 2005.

By the Commission

ATTEST:



Executive Director